

DIRECT EXAMINATION BY MR. ROBERTS:

Q. Good afternoon, Mr. Bonsall. My name is Mike Roberts. We met briefly in the hallway. I represent Chris Kearney who has been sued by Jefferson-Pilot in this action.

You're the president of DMS, correct?

A. Yes.

Q. And founder?

A. Co-founder of the company, yes.

Q. With John Anderson?

A. That's correct.

Q. And you presently own 30 percent equity in DMS?

A. That's correct.

Q. Did you initially own 50 percent equity in DMS?

A. I did.

Q. And both you and Mr. Anderson did in 1995 when DMS was formed, correct?

A. Yes, DMS was formed in 1995.

Q. At that time each of you owned 50 percent of the entity?

A. That's correct.

Q. And subsequently the two of you each sold

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20 percent to an entity affiliated with Zurik Financial Services so that you and Mr. Anderson each owned 30 percent and that entity affiliated with Zurik owned 40 percent, is that right?

A. You got the percentages right. The name of the entity, I think it's all within the Zurik family of companies, if you will, so I think essentially it's correct.

Q. It's like Center Bermuda Solutions Limited, or something like that?

A. Center Reinsurance Limited Bermuda, or something like that. Close.

Q. Sir, have you gotten any reports today about Mr. Ditmar's testimony throughout the day?

A. Reports, you mean --

Q. Written reports or oral reports. A gentleman in your general counsel office has been sitting over here connected to the Internet taking copious notes, and I'm curious whether or not you've been receiving directly from him or through some intermediary reports of the testimony that we just undertook for the last six or seven hours.

A. The only thing that I'm aware of, there are two things, I guess, that there was some discussion

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about name calling and some discussion about things being -- Mr. Ditmar being asked about things that didn't pertain to this matter, pertaining to another matter.

Q. Those are the only two things that have been shared with you about his six hours of testimony?

A. Yes.

Q. When did you first receive -- what is your memory of the first time you ever heard about a claimant named Chris Kearney?

A. It was recently. I think it's when I was informed that I was to be deposed in connection with the case, the first I heard of it.

Q. Prior to Mr. Kearney's counsel seeking your deposition in this action, you have no memory that his claim ever reached your level?

A. The name is not familiar to me and I don't have any -- I had no prior knowledge of it.

Q. Have you ever had a discussion with anyone regarding the existence of ambiguities in policies issued by Jefferson-Pilot?

A. I don't believe so, no.

Q. Would you condone your employees'

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misrepresentation of facts to their policyholders, to policyholders for clients you work for?

A. Would I condone my employees' misrepresentations of facts to any policyholders, no, I would not.

Q. What would you do in the instance of discovery of such occasion?

A. If I was informed as to a misrepresentation, I'd want to know what the circumstances were, what the misrepresentation was and how it came to be.

Q. Would it be consistent with the concept of good faith for someone working for DMS to misrepresent facts to a policyholder?

A. I would say it would not be good faith to misrepresent facts.

Q. In April of 1997, I believe, there was an agreement entered between DMS and Employers Reinsurance, correct?

A. The date was again? You said 1998?

Q. April 1 of 1997, I apologize.

A. Okay. That sounds like it may be correct, yes.

Q. Employers Reinsurance would have been the

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second client for DMS after Travelers?

A. I believe that's true, yes.

Q. And Travelers was your first client that you had the day you opened shop?

A. That's correct.

Q. You and Mr. Anderson previously worked at Travelers, correct?

A. That's correct.

Q. And did Mr. Anderson report to you at Travelers?

A. He did.

Q. The two of you left Travelers sometime after Travelers made the decision to get out of the business of selling disability insurance policies?

A. Yes, that's correct. They stopped selling disability insurance before we moved down from there.

Q. How did it come to be that DMS entered a contract with Employers Reinsurance Corporation?

A. My recollection is that Employers Reinsurance was looking for some people with expertise and experience in investigating and managing disability insurance claims who had knowledge of the disability insurance industry; that they had reinsured some blocks of business, and that

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they felt that the companies that they reinsured were not doing as thorough a job or as good a job as they would like, and so they were looking for resources to help those companies improve their performance, their work.

Q. How did it come to pass that DMS came into contact with Employers Reinsurance for that opportunity to provide that service?

A. I think somebody must have referred them to us, somebody who knew us from our work in the industry, I believe that's the case. And that they contacted us and said, "We understand that you fellows are experienced in managing disability income insurance claims and that you set up a company to do that kind of work, and we have a need."

Q. Do you know who it was who made the referral?

A. I am not sure. I have -- I think it was probably an accounting firm. That's my best recollection.

Q. Did you personally know anybody affiliated with Employers Reinsurance Corporation prior to the conduct of the negotiations that led to the April 1, '97 agreement with Employers Reinsurance?

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A. I had met the people at Employers Reinsurance prior to April 1, but I didn't know them prior to our initial meeting that led to the negotiation of that contract, if I understand your question correctly.

Q. Prior to the negotiations that led to the agreement, prior to there being discussion about an opportunity with Employers Reinsurance, you didn't know anybody affiliated with that organization?

A. I did not.

Q. And as I understand your testimony, they called you; they, Employers Reinsurance, called DMS?

A. That's my recollection. It's possible that somebody said to us, "We know somebody who's looking for some help and here's the name and here's the number," but I don't remember whether we called them or they called us. My recollection is somebody recommended us to them and that's how they learned about us, and whether or not they called us or we called them, I don't recall.

Q. Did you conduct the negotiations on behalf of DMS, you personally?

A. Are you referring to the negotiation on that ERC contract?

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Q. Yes.

A. I believe that I was directly involved in negotiating that contract, yes.

Q. Did you share that responsibility with anyone?

A. Probably John Anderson.

Q. What insurance companies did ERC reinsure at that time?

A. I assume you're asking me about disability insurance. I'm sure they reinsure a large number of insurance companies across a spectrum of products and I don't know all of them certainly, but I have a better idea of the disability carriers that they reinsure.

Q. Okay, let's start there.

A. They reinsured Connecticut Mutual, Mutual Benefit Life Insurance, Jefferson-Pilot Life, Provident Life & Accident. They reinsured Jefferson-Pilot. There was one other company I know that is escaping me at the moment.

Oh, I'm sorry, New York Life.

Q. Does the Employers Reinsurance agreement with DMS set forth the nature of the services that DMS was supposed to provide pursuant to the

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agreement?

A. I believe so, yes.

Q. Sitting here today, what was your understanding of the work that ERC would be sending you once the agreement had been executed?

A. As regards to that agreement, I believe that we were being asked to review disability claim files, assist in investigating those files, assist in evaluating information, communicating with policyholders, supporting the adjudication process of those companies, helping them reach decisions including paying, denying, and settling claims.

Q. Did Employers Reinsurance suggest to you during the course of the negotiations that led to the agreement any specific types of claims, or categories of claims, that would be forthcoming under the agreement?

A. They were all disability income insurance claims. They were active claims and, I believe, pending claims. There were probably some claims that they reviewed that they wanted us to also review. And otherwise I don't remember that there are any specific criteria.

Q. There wasn't a certain dollar level of

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claims?

A. I don't recall any dollar threshold.

Q. It wasn't a certain type of disability, whether it be psychiatric or residual?

A. No, I don't think there was any specific criteria concerning the type of diagnosis or the type of benefits.

Q. Do you maintain any notes of your negotiations?

A. I don't know that I took any notes of those negotiations. I doubt very much that I would have retained any notes if I had them.

Q. Is there anything related to that transaction other than the written agreement itself that still exists today, as far as you know?

A. I doubt it.

Q. Who was your contact at Employers Reinsurance during the negotiations?

A. Primary contact was Robert Linner. L-I-N-N-E-R.

Q. What was his position at Employers Reinsurance?

A. He worked in their reinsurance claims operation. I don't know what his title would have

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been at that time. He was somebody that supported their ceding companies or kind of oversaw the relationship on the claim end between ERC and their ceding companies.

Q. What level of involvement or engagement did you have with representatives of Employers Reinsurance after the agreement was executed?

A. From time to time we would communicate, typically by phone, to discuss the work that we did and we were --

Q. You personally?

A. Yes.

Q. Okay.

A. And we were doing some work on site initially for like one particular client, so we would report on our visit to the client.

Q. That wasn't Jefferson-Pilot, was it?

A. No, it was not.

Q. Would you have had any occasion after the execution of the agreement to have any dialogue with anyone at ERC about specific claims referred to DMS under that agreement on Jefferson-Pilot policyholders?

A. Can you repeat that question?

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Q. Let me rephrase it. Would there have been any reason for you to have dialogue with anyone at Employers Reinsurance regarding DMS's work on Jefferson-Pilot claims that came to DMS?

A. Are you talking about at any time or --

Q. I'm talking about the '97 to 2000 time frame.

A. I don't know that I had any discussion about any specific Jefferson-Pilot claims. I think I might have -- I reviewed personally very few Jefferson-Pilot claims, and I don't recall that I ever actually worked on any Jefferson-Pilot claims.

Q. I don't suspect that you did, and I asked you a higher level question. Would you have any reason to dialogue with anyone at Employers Reinsurance regarding the claims that came to DMS that were written by Jefferson-Pilot?

A. Not about any specific claims or individual claims. Maybe about the body of work, the fact that we were handling claims on the whole, but not about any individual claims.

Q. That dialogue, the responsibility for that dialogue stayed at your level rather than being delegated to someone subordinate to you?

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presumably it would be in the claim file.

You know, if it was an instruction, "I want you to look at the Smith case" or that kind of thing, I'm not sure that that's anything that would have been kept.

Q. What sets DMS apart from its competitors?

A. Well, we're kind of a unique company. It's not easy to define who our competitors are. In some respects it has to do with our -- the nature of our company being a third-party administrator. There just aren't many, if any, other TPAs that do what we do. The disability insurance industry is a pretty close-knit industry and there aren't a lot of companies that have the kind of expertise that we do. I would say that we have a unique combination of functional capabilities and operational capabilities and skills that set us apart.

Q. Are there any marketing materials that exist that describe how you set yourself apart?

A. Yes, I would say so. I don't know if they specifically say what sets us apart, but they describe what we do, so in that respect I think one could infer what would set us apart from somebody else.

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Q. What would those marketing materials consist of?

A. We have a capabilities piece that we created a couple years back that speaks to what our capabilities are. And we have a web site that speaks to the same thing.

Q. Anything else?

A. Those are the only marketing pieces that we -- well, as far as DMS is concerned, those are the only marketing pieces, I think, that we've got.

Q. What information do you share with a prospective client when you're out trying to secure work for DMS?

A. Well, it depends in part on what they're asking for and what their needs are. We share information about -- obviously things about who we are, where we're located, the nature of the work we do, the operational capabilities we have, how long we've been in business. In some cases we might disclose who our clients are. If we're permitted to do so, we'll do that.

Q. Do you share with the prospect what the DMS philosophy is about the administration of claims?

A. It depends. If it's germane to a

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discussion, then we would share that. Certainly if asked, we would.

Q. Isn't that fairly basic, how you're going to administer claims?

A. The philosophy, I think, is pretty basic, sure.

Q. How about how you're going to administer claims, do you share that with prospects?

A. I would say if we get down to a discussion that gets specific about that, then certainly we would, yes.

Q. What would you tell them?

A. I guess at the highest level what we tell them is that we believe that because every claim has its own unique set of facts and circumstances, and because of the nature of the disability itself and the products and the process, that objectification is important to be able to investigate claims thoroughly to try to develop a factual basis so that we can get to a point where liability is reasonably clear. That we set out to try to prove every claim that is submitted so that we can get it to that point where liability is reasonably clear so that we can make an appropriate decision. And then we believe strongly

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that because, again, the process is a complex one and not well understood by lay people, that it's important to communicate with claimants about our findings and decisions and to give them an opportunity to make sure that we understand the basis for their claim and, if there's a difference of opinion, to try to reconcile it.

Q. Is that it?

A. I think that's it.

Q. Do you ever discuss with a prospect the concept of managing a claimant's expectations?

A. Do I ever -- I'm sorry, did you say have I talked with a client about that?

Q. Do you ever discuss with a prospective client the philosophy or endeavor to manage expectations of policyholders?

A. I don't specifically recall having had a conversation with a client about managing expectations of policyholders.

Q. Have you ever used that phrase?

A. I believe I have, sure.

Q. Is that something that you regularly use to describe what it is that's important in your line of work?

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1 A. I wouldn't say I regularly use it. I'd say  
2 I actually made a presentation at a meeting once  
3 where that was the topic of the presentation, but  
4 it's not something that I regularly talk about.

5 Q. When was the last time you saw a written  
6 record of that presentation?

7 A. Probably sometime within the last year I  
8 read it.

9 Q. Was it within the past week?

10 A. No.

11 Q. Was that in Dallas in the spring of 2001?

12 A. The presentation was in Dallas. 2001  
13 sounds right.

14 (Exhibit 40, marked)

15 Q. (By Mr. Roberts) I've marked as Exhibit 40  
16 a document that is ten pages long. It says, "Record,  
17 Volume 27, No. 1, Dallas Spring Meeting, May 30-June  
18 1, 2001, Session 74PD, Disability Claim Management."

19 Is that the written record that you were  
20 referring to?

21 Well, two questions: Is this the  
22 discussion you were referring to and is this the  
23 written record you were referring to?

24 A. This is the discussion that I'm referring

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1 to. I don't know if this is the written record or  
2 not. I guess it -- this looks like probably a  
3 transcript of that presentation, so I'm sure I read  
4 the same thing.

5 Q. Is this a summary or synopsis that you  
6 prepared prior to the discussion, because it doesn't  
7 appear to be an exact transcript like we're recording  
8 today. But maybe it is.

9 A. I'm not sure I understand the question.

10 Q. Do you have a sense of whether or not --  
11 page 2, your name is in bold there, third paragraph.

12 A. Mm-hmm.

13 Q. Do you have a sense of whether or not this  
14 is a verbatim recitation transcript of what you  
15 communicated at that meeting or whether this is some  
16 kind of summary that you or someone else may have  
17 prepared?

18 A. My belief is that it's a verbatim  
19 transcript.

20 Q. And where your name is there on the second  
21 page, I think the third sentence which begins at the  
22 end of the third line, "I'm going to talk," do you  
23 see that?

24 A. Yes.

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1 Q. You said, "I'm going to talk about managing  
2 expectations, and it's a significant issue and topic  
3 for me because as we talk about claims management,  
4 what we're really talking about is managing claim  
5 outcomes."

6 Would that have been a direct quote of  
7 yours?

8 A. I believe every word in this is a direct  
9 quote, so, yes.

10 Q. And then in non-cancelable business, it's  
11 your judgment that managing expectations becomes  
12 particularly important, right?

13 A. I said that, and I'm trying to remember why  
14 I said that, but where do you see it?

15 Q. I'm sorry, it's the third page, page number  
16 3, the second paragraph, actually the first full  
17 paragraph. It starts with "My company" and that is  
18 essentially taken from the first half of that  
19 paragraph, if you'd like to review it.

20 A. This is on page 3, second paragraph?

21 Q. Yes, sir.

22 A. So you're talking about the paragraph that  
23 starts with "My company focuses exclusively on closed  
24 blocks of business"?

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1 Q. Right.

2 A. I think the point that I was making there  
3 was that non-cancelable business is -- it can't be  
4 terminated by the issuing company, that it's a  
5 long-term commitment that a company makes to a  
6 policyholder without the potential to alter rates, so  
7 that there are -- with other types of disability  
8 business, companies can either cancel the coverage or  
9 raise the rates, and that doesn't happen with  
10 non-cancelable business, so I think that's the point  
11 I was trying to get at there.

12 Q. Well, you make the point that it's your  
13 sense that with regard to non-cancelable business  
14 that managing expectations becomes particularly  
15 important, right?

16 A. I did say that, yes.

17 Q. Does your company pay benefits, disability  
18 benefits, total disability benefits for claims for  
19 which there is only subjective information?

20 A. Sometimes, yes, certainly.

21 Q. Is that something you do on a permanent  
22 basis, or is that just an interim measure until you  
23 find some other way to resolve the claim?

24 A. Well, I would say that there are claims

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Q. Well, the document speaks for itself as to how the expenses are reimbursed and passed through, right? I mean, 4A talks about section five as far as expenses; I'm not really concerned about that right now.

A. Okay, yes.

Q. But there's an expense reimbursement for some nature of expenses DMS incurs on Jefferson-Pilot's behalf?

A. That's correct.

Q. And then on top of that there is a \$43,700 fixed monthly fee that was negotiated?

A. That's correct.

Q. Paragraph 4C suggests that, in addition to reaching that agreement, it was also agreed during the negotiation that every 12 months the fixed monthly fees would be subject to further potential adjustment that was supposed to be negotiated in good faith?

A. That's correct.

Q. Now, it was, I suspect, Jefferson-Pilot's expectation, and your expectation, when you entered this agreement that your employees would provide top-flight, efficient, appropriate, accurate and

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timely service for all these claims, right?

A. I think that's a fair characterization.

Q. Why is it that you built in a clause that would adjust the fixed monthly fee based on thorough, diligent and fair evaluation of claims?

A. Well, let me speak to the notion that these could be adjusted first. Hopefully, that will answer the question. When we set this level of fees, we made some assumptions about what it would cost for us to support the client and we established our projected expense level and then adjusted that for a profit margin.

We did that without having specific experience in managing this block of claims, so we were taking some risk and they were taking some risk about whether or not we were getting paid too much or too little because this was based on a cost plus a margin approach to quoting this fee.

At the end of the 12-month period we were to evaluate our actual expense experience to determine whether or not this fee level was appropriate, and in terms of selecting the words, I think if there was any basis upon which to determine whether or not we were meeting their expectations, it

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had to do with our thoroughly, diligently, and fairly evaluating the claims and in supporting their administration of the underlying policies.

So this was -- again, we projected expenses, tacked on a margin, we said, "This is what we think this is going to cost us to do this, but we're not sure, so at the end of the 12-month period we're going to evaluate what our actual expenses were and if we're not making our margin it's our expectation that we're going to be able to come back and say going forward, if we're going to do this, it's going to be at an adjusted level. And by the same token if we find that our expenses are less than anticipated, then we will adjust our fees down."

It's typical in a situation like this, they didn't want to pay us a lot to do the work and we felt that we should be paid to do the work. Without having the actual experience, you know, I guess they were taking some risk that we would actually do a good job for them, and we were taking the risk that we would actually be paid at a level we thought was necessary to do the work and make a profit.

Q. Okay, the language doesn't suggest anything about whether or not you're hitting the margins you

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think or whether your expenses are what you think. It doesn't speak in those terms, right? It talks about fair, diligent, accurate evaluation of claims, right?

A. It does make reference to thorough, diligent and fair evaluation of claims, yes.

Q. And it doesn't make reference to adjusting it based on any expense anticipation versus realization, right?

A. No, it doesn't make that reference in this paragraph.

Q. In your contract with Massachusetts Casualty you have a submitted budget for expenses and then there's a true-up in the end?

A. Right.

Q. Is there a true-up here with Jefferson-Pilot as well in your actual expenses versus budget?

A. It's not drafted that way. My recollection is that the first year we did this we found that our expenses were higher than what we thought they would be, and that we actually said to them -- I'm not even sure we're covering our expenses, we might have been, but we weren't making

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purpose for the contact was.

Q. What year did you receive your MBA from American International College?

A. It was either 1981 or 1982. I get confused because I think I finished school in December and got the degree in the spring, so it may have been '82 that I actually received a degree.

Q. What's a spot bonus?

A. A spot bonus, to me, it's a way to compensate an individual for something that individual had done that you wanted to recognize them for in a time frame that was closely related to the activity. Though it's usually a one-time payment of compensation of some money outside of salary.

I guess the term "spot" means on the spot, I think that's where that comes from.

Q. Does DMS offer its employees spot bonuses for extraordinary work?

A. We have from time to time.

Q. Does it in the year 2004? I'm not saying has one actually been paid in 2004, but is it a potential benefit?

A. Oh, yes. Absolutely.

Q. DMS's first agreement with Travelers

incorporated a potential incentive payment?

A. That's correct.

Q. And that provision has been taken out of your relationship. Do you have an ongoing relationship with Travelers?

A. Yes.

Q. That no longer is part of the compensation equation with Travelers, is that correct?

A. That's correct.

Q. You understand it's illegal for a third party administrator doing disability insurance to get paid for denying claims?

A. The compensation can't be denied directly -- or can't be paid -- tied directly to the denial of claims, yes, I understand that, certainly.

Q. Why was DMS given a 60 percent raise in its relationship with Mass Casualty last year?

MR. ELLIS: Objection. Irrelevant and misstates the facts.

A. I don't believe we did receive a 60 percent raise. That would surprise me a lot.

Q. The margin went from 10 percent to 16 percent, are you mindful of that?

A. Oh, yeah.

Q. That's 60 percent, isn't it?

A. Okay. Our margin did increase.

Q. Why did it increase so dramatically?

A. When we negotiated our first contract with Center, they indicated to us that they were in a competitive situation with one or more other parties that were bidding on a block of business, and that part of their bid to acquire the business through a reinsurance treaty was dependent upon their ability to competitively bid, among other things, the expenses associated with managing that business ongoing, and we were very much interested in securing that business and to help win that bid, if you will. We took compensation that, to us, was less than what we ordinarily would have taken. And that same mindset was carried onto the next contract that we did. And then the next time we entered into contract discussions with them we said, you know, "We're no longer in that kind of situation, and frankly, the first time this happened you guys didn't know whether we could effectively do what we were being asked to do. And so you were taking some risk that perhaps we would not perform well in transitioning that business. And now, you know that we can do a good

job of it and you're not in the same kind of competitive situation, and we think that we deserve to be compensated at a higher margin." And frankly, we also believed that not only did we deserve a higher margin, but that we were their best option and that we thought -- and we were having decisions with them about renegotiating our contracts to secure long-term agreements. And we thought it was in our best interest and their best interest, so we said we want a higher margin on these, and that's where we arrived at. We were looking for more, they wanted to pay less, and we arrived at that number.

Q. You talk about "we" and "they." They actually own 40 percent of DMS?

A. True. True.

Which is interestingly another reason why we felt that we should get a higher margin because, theoretically, 40 percent of the profit margin to the company was going back to them, which meant our margin was pretty skinny.

Q. They own 40 percent of the enterprise?

A. True. But they didn't actually work for the enterprise, and the other owners actually did work for the enterprise and ran the enterprise.

05 26 26 1 Q. What was your bonus last year, personally?

05 26 33 2 A. My bonus, I think, was a hundred percent of

3 my salary.

05 26 38 4 Q. Which was what?

05 26 40 5 MR. ELLIS: Objection. You don't

6 have to give him that information.

05 26 50 7 A. I'd rather not have that be on the record

8 that anybody can just have access to.

05 26 57 9 MR. ELLIS: That's fine.

05 27 02 10 Q. (By Mr. Roberts) I thought we were done,

11 but we're not.

05 27 43 12 Did you execute an affidavit in the context

13 of the lawsuit pending in Mississippi, I believe it

14 was the King case, providing sworn testimony as to

15 DMS's financial condition?

05 28 05 16 MR. ELLIS: Same objection. The

17 information's covered by the Court's

18 protective order that Counsel shouldn't have,

19 and I will move to keep it protected here.

05 28 14 20 Q. (By Mr. Roberts) You can answer the

21 question.

05 28 18 22 A. I don't recall signing an affidavit in

23 connection with the King case.

05 28 27 24 Q. The year-to-date revenue, December 31, 2002

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1 for DMS was 37 million plus. Does that ring a bell?

05 28 38 2 MR. ELLIS: Objection.

05 28 40 3 A. Sounds like it. It's probably in the

4 ballpark, yes.

05 28 45 5 Q. And the officers' salaries were just north

6 of \$2 million?

05 28 50 7 MR. ELLIS: Objection.

05 28 59 8 A. I don't believe that's -- I don't believe

9 that's true.

05 29 13 10 Q. I will accommodate Mr. Ellis's request that

11 this not be an exhibit, but I will show you what

12 appears to be a sworn statement of yours, as well as

13 your general counsel, Mr. Cohen, which affirms the

14 accuracy of some attached financial statements, and

15 I'd ask you to review it and confirm for me what the

16 officers' salaries and officers' bonuses were in

17 2002.

05 30 03 18 MR. ELLIS: I will again ask Counsel

19 to identify the source of the information.

05 30 11 20 No?

05 30 12 21 MR. ROBERTS: I don't have to do

22 that, Bill.

05 30 14 23 MR. ELLIS: Does that mean you

24 refuse to do that?

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05 30 18 1 MR. ROBERTS: The document speaks

2 for itself.

05 30 34 3 A. Okay, what is your question?

05 30 35 4 Q. Two questions. I think the page prior to

5 that, Mr. Bonsall, is the sworn statement of yours.

6 I wanted you to confirm that you executed a sworn

7 statement in relation to the King case.

05 30 50 8 A. Okay. I can confirm that.

05 30 52 9 Q. And what you were testifying to in that

10 sworn statement is the accuracy of the attached

11 financial statements. And my question is, what is

12 the amount of the officers' salary and officers'

13 bonus in 2002 at DMS? If you could identify for the

14 record what those amounts were.

05 31 14 15 A. The officers' salaries, 2,009,480

05 31 21 16 Q. 2,009,000?

05 31 29 17 A. That's correct.

05 31 29 18 Q. What was the bonus number?

05 31 32 19 A. 3,138,700.

05 31 35 20 Q. How many officers are there?

05 31 35 21 A. Sixteen, seventeen. At least 17.

05 32 19 22 Q. There aren't just four officers?

05 32 24 23 A. No.

05 32 27 24 Q. Are you aware of any public document that

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1 suggests there's only four officers?

05 32 32 2 A. No.

05 33 20 3 Q. Who are the directors of the company?

05 33 24 4 A. Myself, John Anderson -- I'm sorry, did you

5 say the directors of the company?

05 33 33 6 Q. Yes, sir.

05 33 34 7 A. Myself, Mr. Anderson, Andy Cohen, Richard

8 Grilli, Michael Ember, Donald Charski.

05 33 50 9 Q. How about Eileen Sweeney?

05 33 51 10 A. She is no longer an officer, or a director

11 of the company, rather.

05 35 03 12 MR. ROBERTS: Mr. Bonsall, thank

13 you. We're completed.

05 35 05 14 MR. ELLIS: I have two quick

15 questions.

05 35 07 16

05 35 07 17 CROSS EXAMINATION BY MR. ELLIS:

05 35 07 18 Q. Since Counsel suggested it, was the

19 incentive in the original Travelers contract tied to

20 denial of claims or getting rid of claimants that

21 were supposed to be getting their benefits in any

22 way?

05 35 22 23 A. Certainly not.

05 35 23 24 MR. ROBERTS: Objection.

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